

"(2) section 531 (relating to the tax on accumulated earnings).

"(3) section 541 (relating to personal holding company tax), or

"(4) section 1351 (relating to recoveries of foreign expropriation losses).

"(d) LIMITATIONS ON CREDIT FOR ACTIVE BUSINESS INCOME.

The amount of the credit determined under subsection (a) for any taxable year shall not exceed the sum of the following amounts:

"(1) 60 percent of the sum of—

"(A) the aggregate amount of the qualified domestic corporation's qualified possession wages for such taxable year, plus

"(B) the allocable employee fringe benefit expenses of the qualified domestic corporation for such taxable year

"(2) The sum of—

"(A) 15 percent of the depreciation allowances for the taxable year with respect to short-life qualified tangible property.

"(B) 40 percent of the depreciation allowances for the taxable year with respect to medium-life qualified tangible property. and

"(C) 65 percent of the depreciation allowances for the taxable year with respect to long-life qualified tangible property.

"(3) If the qualified domestic corporation does not have an election to use the method described in section

936(h)(5)(C)(ii) (relating to profit split) in effect for the taxable year, the amount of the qualified possession income taxes for the taxable year allocable to nonsheltered income.

"(e) ADMINISTRATIVE PROVISIONS.—For purposes of this title

"(1) the provisions of section 936 (including any applicable election thereunder) shall apply in the same manner as if the credit under this section were a credit under section 936(a)(1)(A) for a domestic corporation to which section 936(a)(4)(A) applies.

"(2) the credit under this section shall be treated in the same manner as the credit under section 936, and

"(3) a corporation to which this section applies shall be treated in the same manner as if it were a corporation electing the application of section 936.

"(f) DEFINITIONS.—For purposes of this section,

any term used
in this section which is also used in section 936
shall have the
same meaning given such term by section 936.

"(a) APPLICATION OF SECTION.—This section shall
apply to tax-
able years beginning after December 31, 1995, and
before January
1, 2006."

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (1) of section 55(c) is
amended by strik-
ing "and the section 936 credit allowable
under section
27(b)" and inserting ", the section 936 credit
allowable
under section 27(b), and the Puerto Rican
economic activity
credit under section 30A".

(B) Subclause (I) of section 56(g)(4)(C)(ii) is
amended—

(i) by inserting "30A." before "936" and
striking "and (i)" and
inserting ", (i)",
and (i)".